CALFED
BAY-DELTA
PROGRAM

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To: Workshop Participants and Interested Parties

From: Lester A. Snow
Executive Director

Subject: Water Use Efficiency Component of Bay-Delta Solution Alternatives

The enclosed draft paper describes elements of the proposed Water Use Efficiency component of the CALFED Bay-Delta Program solution alternatives. Included in the paper are descriptions of the Program's proposed approaches to urban water conservation, agricultural water use efficiency, and efficient use of environmental diversions. Two additional elements are still in preparation: the Program's proposed approaches to water recycling and water transfers.

This draft component was prepared by CALFED with significant public and stakeholder involvement, including eight meetings of the Water Use Efficiency Work Group. Areas of agreement were identified during work group deliberations, including support for many of the objectives and actions. In addition, some issues and areas of disagreement were also identified; these are listed below. An important goal for this workshop will be to answer three questions:

- **Are the water use efficiency issues accurately portrayed?**
- **Are there additional significant issues related to water use efficiency?**
- **How can these issues be resolved in ways that contribute to alternatives meeting the Program's solution principles? These principles state that a Bay-Delta solution should reduce conflicts in the system, be equitable, be affordable, be durable, be implementable, and have no significant redirected impacts.**

The following significant issues have been raised regarding water use efficiency:

1. **Purpose of the Water Use Efficiency Component.** The Water Use Efficiency component is designed to promote efficient use of existing and new water supplies through implementation of efficiency measures that have a benefit/cost ratio greater than one. Is this purpose appropriate, or should the purpose be expanded to include development of water supplies for ecosystem restoration through greater water use efficiency?

2. **Land retirement.** The component promotes efficiency through urban water conservation, agricultural water use efficiency, water recycling, and transfers (which may result in voluntary permanent or temporary fallowing of land). Land retirement as a prescribed water use efficiency action is not included in the program. As such, land retirement may be the result of a market transfer decision.

3. **Assurance of Agricultural Efficiency.** The component proposes a voluntary program for a two year period, with a "trigger" to mandatory planning and implementation (similar to existing state law applying to urban water suppliers) if criteria for implementation are not achieved. Is this mandatory trigger appropriate, or is it an unnecessary imposition on water users' actions?

4. **Assurance of Urban Efficiency.** The component identifies a need for assurance of efficient urban water use. A possible mechanism would be certification of water suppliers' compliance with the terms of the *Memorandum of Understanding Regarding Urban Water Conservation in California*, and a series of graduated sanctions such as non-compliance fees for agencies that failed to meet this standard of water management. What kind of urban assurance mechanism should the program include?

5. **Water Measurement and Conservation Pricing.** The *Memorandum of Understanding Regarding Efficient Water Management Practices by Agricultural Water Suppliers in California* requires the analysis of measurement and conservation pricing, while the CVPIA *Criteria for Evaluating Water Conservation Plans* require implementation of measurement of district deliveries to customers and pricing that provides incentives for more efficient use.

6. **Cost Effectiveness.** The Water Use Efficiency component is based on implementation of efficiency measures that have a benefit/cost ratio greater than one for the water supplier, an approach that may fail to achieve implementation of some measures that are cost-effective from a statewide perspective but not from the perspective of the local water supplier. What mechanisms in addition to a water transfers market would help achieve implementation of measures that are cost-effective from the statewide perspective?